



MINUTES OF THE BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Sachi A. Hamai, Executive Officer-  
Clerk of the Board of Supervisors  
383 Kenneth Hahn Hall of Administration  
Los Angeles, California 90012

At its meeting held December 12, 2006, the Board took the following action:

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The following item was called up for consideration:

The Director of Public Social Services' joint recommendation with the Chief Information Officer to approve and instruct the Chairman to sign amendment to agreement with Unisys Corporation to implement the following changes to the Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System (LEADER Agreement):

1. Extend the term of the agreement by five years, and increase the total maximum contract sum by \$135 million;
2. Provide the County an option, to be exercised by the Director of Public Social Services, to further extend the agreement for up to three optional one-year extensions, with an annual cost not to exceed \$27 million;
3. Reflect that Unisys shall provide a technology refresh at the central processing and networking sites to address increased LEADER System capacity needs (e.g., up to 3.5% annual growth in LEADER System workstations and laptops) during the extension;
4. Reflect that Unisys shall provide access between the LEADER System network and the County's enterprise network by implementing a network bridge;
5. Reflect that Unisys shall provide maintenance and repair services on all LEADER System hardware and software;
6. Reflect that Unisys shall continue to provide Facilities Management/Operations and Telecommunications support and warranty services for the LEADER System;

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7. Reflect that Unisys shall provide Application Software Maintenance and/or Enhancements at a revised hourly rate of \$105, based on 8,000 hours per month;
8. Amend Exhibit A (Statement of Work) to set forth all tasks and deliverables required; and
9. Amend certain provisions and payment schedules of the LEADER Agreement.

Bryce Yokomizo, Director, Lisa Nunez, Chief Deputy Director and Michael Sylvester, Director of the Bureau of Contract and Technical Services, Department of Public Social Services, responded to questions posed by the Board.

In addition, David Jansen, Chief Administrative Officer and Jon W. Fullinwider, Chief Information Officer also responded to questions posed by the Board.

After discussion, Supervisor Knabe made the following statement:

“The Department’s proposal to add up to 8 more years and \$216 million to the LEADER contract, while an RFP process takes place and a new system is transitioned in, has been characterized as the best possible option. I believe it is more accurate to say that this is not the best option but perhaps the only option the Board has been presented with. Experts have advised that the LEADER system uses rapidly outdated technology that, if not replaced, will render this system obsolete in less than two years. However, I believe that there are lessons that should be taken into consideration from the past history of this contract. It started with awarding this contract at what quickly proved to be an insufficient low amount of \$86 million, resulting in additional costs to offset losses to the contractor.

“Eight years and 11 contract amendments later, we must consider a substantial and costly amendment. We have before us today a very similar situation, wherein the contractor is requiring over a 40% raise in annual rates to prop up a rapidly aging system that, without immediate upgrades, will virtually collapse. This is while we wait for a new RFP process to implement a new system at some point in the next eight years.

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“We are not entirely convinced that the proposed price increases and the timeframe for what amounts to a transitional system are warranted. The Department should return to the negotiating table in good faith with the contractor.”

Therefore, Supervisor Knabe, made a motion that the Board take the following actions:

1. Direct the Director of Public Social Services, with oversight by the Chief Administrative Officer, to reopen negotiations with the current vendor, Unisys Corporation, in order to achieve more reasonable terms and conditions relevant to the LEADER system, including but not limited to the annual system maintenance rates, reducing the length of time required as part of the extension, hardware procurement needs and costs, and warranty and liability issues; and
2. Continue the proposed contract extension for three months to March 27, 2007.

Supervisor Burke made a suggestion that Supervisor Knabe's motion be amended to continue the proposed contract extension to January 30, 2007. Supervisor Knabe accepted Supervisor Burke's amendment.

Supervisor Knabe's motion, as amended, seconded by Supervisor Molina, was unanimously carried (Supervisor Yaroslavsky being absent).

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Copies distributed:

Each Supervisor  
Chief Administrative Officer  
Chief Information Officer  
County Counsel  
Director of Public Social Services